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Outlook for 1948

THE MARKET for farm products will stay strong for another year. Farmers' prices and gross incomes in 1948 probably will average near those of 1947. Net incomes, however, may decline because of rising costs of production.

Domestic demand for farm products will continue strong. Also our exports probably will again be large.

Despite strong demand, farmers will market a smaller total volume of products than in 1947. Much of the decline will be in livestock and products.

Prices received by farmers seem likely to stay near current levels for a few months. Later in the year, prices will depend considerably on the outcome of crops both in the United States and abroad. If they are larger than in 1947, prices may decline somewhat.

Exports will be important. In general, export demand for bread-grains, fats and oils, meats, and some dairy products can be expected to stay strong. Demand may fall off for tobacco, and some of the high-cost foods.

By perhaps 1950, crop production in some of the European countries may

come back to about the prewar level. In good crop seasons, this would reduce foreign demand for some of our products and bring some decline in prices.

Prices of many farm products are likely to decline after 1948. However, no crisis such as the one in 1920 and 1921 is likely. The present Government price-support program will expire at the end of 1948. However, the prewar farm program will then be in effect, unless a new one has been adopted. The prewar program would check any severe decline in farm prices.

In addition, the increase in world population and the reconstruction requirements of war-devastated nations indicate that demand for farm products will stay stronger than in the early 1920's.

In general, over-all farm production probably could be maintained near present levels for many years to come without the average of prices declining more than half as much as in 1920-21.

O. C. STINE
Assistant Chief
Bureau of Agricultural Economics

Outlook Highlights

DEMAND and Prices: Strong demand for farm products will continue into the new year. Prices for farm products probably will average as high as the 1947 records. . . . Farmers' net incomes may be trimmed by rising costs . . . Grains, feeds and livestock products are likely to show the greatest price strength in 1948, compared with other farm products . . . Prices of dried fruits and citrus fruits will be weaker than in the years prior to 1947. Supplies are larger and export demand smaller.

Marketings: Less farm products will be marketed than in 1947. Much of the reduction will be in livestock and livestock products . . . Before the war, cotton and tobacco made up about two-thirds of the value of all agricultural exports, and foods the rest. Since the war, the proportions have been reversed.

Livestock and Meat: Fewer livestock and smaller feed supplies are in prospect for the 1947-48 season. So meat output in 1948 may be 5 to 10 percent below 1947 . . . If consumer demand stays high, prices of meat animals will rise in late winter or spring.

Dairy and Poultry: Dairy cow numbers are expected to level off in 1948 after declining for several years . . . Egg consumption is likely to tie or exceed this year's 380 eggs per person. Prices will be at or near support levels during most of the year.

Fats and Oils: Slightly more oils and fats may be made from domestic materials in the year beginning last October than during the preceding year . . . Vegetable oil output may be up because of bigger crops of flaxseed and cottonseed . . . Some decline in output of animal fats is indicated partly because of the smaller 1947 corn crop.

Feeds: Feed grain prices will be higher this winter than at the same time last year . . . If farmers in 1948 feed their livestock at about war-time rates, carry-over stocks of feed grains next summer and fall will approach the drought low after 1936.

Production Costs: Production costs of farmers will continue upward. For farmers as a whole, 1947 costs averaged two and one-half times prewar . . . To cut their costs, farmers have been upping farm efficiency through better practices such as better seed, use of more fertilizer; active insect and disease control; and wider use of labor-saving equipment.

Wages: Farm wage rates in the new year probably will hold near the 1947 level, over three times prewar.

Machinery: Farmers probably will be able to get more new machines than in any previous year—especially tractors and machines designed for small farms . . . The average cost of tractor operation is expected to hold at about 40 percent above prewar.

Seed: Seed prices probably will continue high into the spring of 1948.

Fertilizer: Farmers will have record supplies of fertilizer for the year ending next June 30 . . . Fertilizer prices will be higher than last year. But heavier use of fertilizer will pay.

Building Materials: Larger supplies of lumber will tend to slow further price rises . . . Other essential supplies will be available.

Farm Supplies: Tin cans, wooden containers, bags (paper, open mesh and cotton); insecticides and fungicides will be at least as plentiful as last year. Prices won't change much.

Good Business Year Ahead

BUSINESS conditions generally will stay good in 1948. While some readjustment from present boom conditions is quite possible, no major recession is likely in the new year.

We have four broad markets for our goods and services. They are consumer purchases, Government purchases, business capital outlays, and our net exports. Together these markets decide the general level of business activity. Whether total demand for goods and services is strong or weak depends upon these markets. The 1948 outlook for each of these markets, therefore, helps to show the total outlook.

Government expenditures dropped from the wartime peak of 100 billion dollars per year to less than 30 billions per year by the summer of 1946. Since then, Government outlay has held pretty steady. Including the costs of State and local governments, public outlays now are at a little higher rate than a year ago. At the same time, these outlays represent a slightly smaller share of total national output, in dollars, than a year ago. It is expected that public expenditures in 1948 will not change much from present levels.

Business capital outlays include expenditures for equipment, construction, and inventories. Outlays for producers' durable equipment rose from an annual rate of 6 billion dollars in the spring of 1945 to 18 billions in the spring of 1947. Since then they have leveled off.

These expenditures are very large. Over a long period, their present rate would be more than enough to keep up the country's physical plant and allow for normal growth. Any decline in general business in 1948, however, is not likely to be caused by a decline in equipment outlays.

Unfilled orders are still large, although no longer rising. The backlog of demand for some types of equipment is running out, but demand for other items is strong enough to take more than can be produced in the coming months. Expenditures for these items will tend to grow as production swells.

On the other hand, the volume of outlays for equipment will reflect, rather than offset, any weakness in other parts of the economy. In general, the more urgent demands for equipment have been satisfied. Any serious doubts as to the trend of business, or of prices, could slow down purchases all along the line.

Construction work, including residential, rose rapidly from an annual rate of less than 3 billion dollars in the spring of 1945 to over 10 billions in the spring of 1947. At that point there was some hesitation induced by the sharp run-up of costs. The urgent demand, however, prevented much of a decline, and work is again increasing.

The demand for construction is still large in spite of high costs, as well as uncertainties as to costs and completion dates.

Any serious weakness in the rest of the economy would tend to revive hope that better terms could be got by putting off new projects. However, if demands fell off in this way, more materials and labor would be made available for construction. This would bring a shift from sellers' markets to buyers' markets all along the line from raw materials to finished construction projects. Such conditions would revive many projects now dormant.

Inventory accumulation is a third kind of business capital outlay. This hit a peak in the second half of 1946. At that time, the rise in book value of

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Editor : Bert Johnson

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business inventories was at the annual rate of over 15 billion dollars. Part of this rise reflected larger physical quantities and part was due to higher prices.

A wave of caution followed in the spring of 1947. Accumulation continued, but in the first half of 1947 its rate was only about half that of the previous six months.

Inventories, however, were not dangerously high. There was little basis for any general and drastic liquidation.

Also, the slowing of inventory accumulation was offset elsewhere. In part, this was done by the underlying strength of the demands for durable goods, by wage increases that spurred consumer buying, but most notably in the expansion of exports.

After the period of caution, came a new wave of forward ordering, particularly by retailers. In the second half of 1947, probably at least as much inventory was added as in the first half.

Inventories now are higher and therefore more vulnerable than a year ago. There will be less reason for further additions in 1948 and more reason to postpone buying whenever there are doubts as to the outlook. We cannot know just how much more will be added to inventories. This part of the market, however, is a potential source of weakness.

Net exports of goods and services make up the third of our four markets. Net exports were already at the high annual rate of 5 billion dollars in the last half of 1946. But foreign needs were urgent, and were made more so by the severe winter in Europe. Also, as domestic buyers grew cautious, more goods were available for export. The annual rate of net exports in the first half of 1947 was 10 billion dollars. This expansion helped offset the lower rate of inventory accumulation.

Since then the foreign shortage of dollars has led to additional restrictions on imports from the United States. Our net exports fell off almost one-third between the second and third quarters. They probably were even lower in the fourth quarter. However, this has not relieved the inflationary pressure on our economy because it coincided with another wave of domestic buying for inventory.

How large our exports shall be in the near future depends on the size of our foreign aid program. It will take substantial aid, however, just to hold our current rate of net exports.

Consumer outlays are by far our largest market. Climbing from an annual rate of 118 billion dollars in the first half of 1945 to 151 billions in the last half of 1946, they rose another 10 percent in 1947. The steady climb stemmed in part from the rise in personal income and in part from consumers' spending more of their incomes.

How much the individual has available to spend is decided in part by tax rates and by so-called transfer payments that are not earned in current production. Among these transfer payments, we include the payment of terminal leave bonds beginning in September 1947.

But the amount and the rate of redemption of these bonds are about the same as for the soldiers' bonus in 1936. Probably the economic effect will also be similar. The spending of these funds will be spread over some months. Even so, the total is large enough to be important. It puts more buying power into the hands of consumers when they were already prepared to buy more than could be produced. This will have its aftermath in 1948.

High taxes have put brakes upon excess demand and thereby prevented a greater price rise than has occurred. Any cut in tax rates in 1948 will put more buying power in the hands of the public.

The fact that consumers have spent a rising share of their incomes has added a lot to the rise in national income in the last two years. Consumer outlays have already jumped from the wartime low of about 75 percent of personal income after taxes to over 93 percent.

How much higher they may go under the pressure of deferred demands and past savings is not certain. However, the possibilities are limited. The normal ratio in good prewar years was around 95 percent.

Since the war, the share of consumer income spent for one kind of outlay after another has hit a peak, then leveled off or declined. The only big items that consumers would now buy much

more of, if available, are automobiles and housing.

There are no immediate signs of the end of the present boom. The wave of renewed buying which began around midyear is still continuing.

There is talk of another round of wage increases. These, however well justified, would add further to the spiral of rising incomes, costs, and prices.

In the year ahead, however, our economy will be more vulnerable to a slump than it was in 1947. The next time businessmen grow cautious, as they did last spring, inventories will be larger and will make it easier to postpone new buying. Deferred demands will be less urgent. Even with the foreign program in operation, our exports are not likely to increase enough to offset any readjustments elsewhere.

We do not know when the downturn will occur. It may not happen at all this year. If it does come in 1948, it will not be a major recession. As yet there is little, or none of the overbuilding that labels the end of a capital goods cycle.

Although the national income may go down sometime in 1948, the year as a whole will compare favorably with 1947. For the year 1947, the national income was over 200 billion dollars. At the start of 1948 it will be even higher. A substantial decline, beginning early in 1948, would still leave the year as a whole only moderately below 1947.

S. MORRIS LIVINGSTON
Chief, National Economics Division
Office of Business Economics
U. S. Department of Commerce

Farm Income in 1948

FARMERS in 1948 will continue to have unusually high average incomes—both gross and net.

How their total income will compare with 1947 depends largely upon the size of 1948 crops, and upon foreign demand. Total farm marketings may be a little below 1947. Prices for farm products will stay fairly high, but farmers' costs probably will keep rising. Thus, even if gross income stays up, net income may decline.

Cash receipts will hold up well for at least the first half of the year. The outlook for the latter part of 1948 is more uncertain. However, even if demand were to fall off some in that period, farmers would still take in more money than in any year before 1947.

In the past year, farmers took in around 30 billion dollars from sale of their products. This was more than one-fifth above 1946. It was the largest percentage gain since 1943, and a new record for year-to-year change in volume of cash. Cash receipts from livestock and products in 1947 were about one-fourth above 1946, and from crops about one-fifth. Government payments were down to about 340 million dollars compared with 800 million in 1946.

Despite the record total of net farm income in 1947, most farmers still had low incomes.

Nearly all farm commodities brought in more money than a year earlier. Receipts from wheat, corn, cotton, hogs, and cattle made large gains. The rise for wheat was particularly sharp. With a bumper crop, wheat prices averaged one-fourth above 1946, and cash receipts were possibly two-thirds above 1946. For the whole year, cash receipts from corn were about 45 percent above 1946. Corn prices during the first half of 1947 were 25 percent above the same period in 1946. Higher prices, together with large sales last spring from the 1946 crop, overbalanced the income effects of smaller marketings in the latter part of the year. Farmers' cash from cotton was about 40 percent higher, as the 1947 crop was much larger than in 1946. Among livestock products, the greatest increase in cash receipts was for meat animals. Cash receipts from hogs probably were up as much as 45 percent, and cattle and calves about 35 percent.

Marketings of hogs, cattle, and calves may fall off somewhat. However, that decline would not cut deeply into total receipts from meat animals. About as much dairy and poultry products will be sold as in 1947, at prices averaging near 1947. Farmers probably will take in about as much cash from these as in

1947. Production, prices, and income from fruits and vegetables may be about equal to 1947. However, receipts from some kinds of fruit and vegetables will stay fairly low relative to other products. Cash receipts from wheat won't be as high as in 1947, as the wheat crop in 1948 will be smaller. Receipts from corn probably will be down also, because of the short 1947 crop.

Production expenses in 1947 were nearly a fifth above 1946. These amounted to 14 billion dollars in 1946.

Among the costs that rose most were those for car and truck operation, livestock purchases, rent to landlords not living on farms, and feed purchases. Farmers had more automobiles, trucks, and tractors than in 1946 and fuel and repair costs were up. The total cost of operating motor vehicles probably was one-third higher. Prices paid for dairy herd replacements and for feeder stock were up. Farmers' outlays for livestock purchases probably rose by one-third. Rent to landlords not on farms was about one-fifth above 1946.

Expense for bought feed probably made the greatest total gain among cost items, although the percentage rise was probably less than one-fifth. The num-

ber of livestock fed was slightly below 1946, but feed prices were higher.

Taxes and cost of hired labor rose about 10 percent. The number of people employed on farms went up slightly, but wage rates rose more than employment. Farm mortgage interest payments increased for the first time in 25 years, with new debts piling up faster than old ones were paid off.

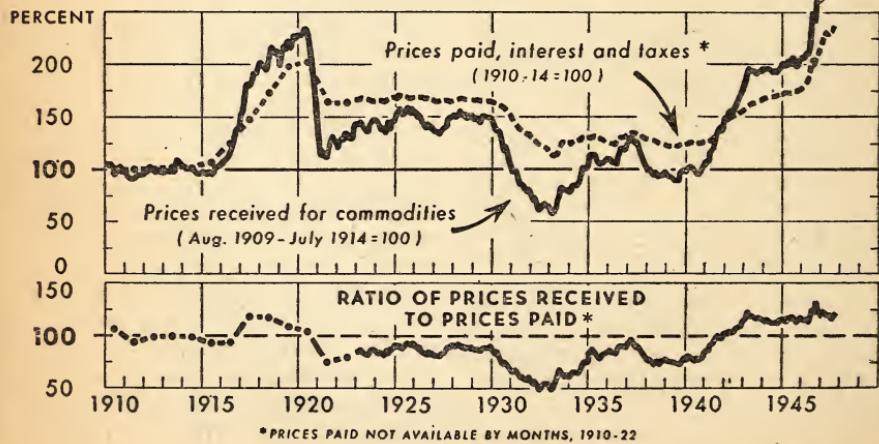
The prices farmers paid for commodities used in production rose throughout 1947. These prices probably will go still higher in 1948.

Gross farm income in 1947 (the sum of cash receipts from farm marketings, Government payments, the value of farm products consumed in farm households, and the rental value of farm dwellings) was about 34.6 billion dollars. This is 20 percent above 1946. Net income rose about 21 percent. The net income of farm operators, or the difference between their gross income and production expenses, was about 18 billion dollars.

In the new year, net income may decline. Even if it does, however, it would still be well above the average for recent years.

HARRY C. NORCROSS
Bureau of Agricultural Economics

PRICES RECEIVED AND PAID BY FARMERS,
INDEX NUMBERS, UNITED STATES,
BY MONTHS, 1910-47



Farming Costs To Rise Further

FARM operating costs in 1948 are likely to continue their rise, even from the present record high levels. In 1947 these costs totaled 14.9 billion dollars, compared with 12.8 billions in 1946 and an average of 5.2 billions in 1935-39. Since 1939, farmers' operating expenses have risen from 9 to 25 percent a year.

Despite record costs, 1947 was a good year for farmers. Some cost items such as feed, seed, and to some extent labor, show up in both farm income and farm expenses. Higher costs for feed to some farmers mean higher incomes to others. Farm production and farm product prices generally also have risen to peak levels in the last few years. Farm pro-

duction in 1947 was less than 4 percent below the record of 1946. Farm product prices in 1947 averaged about 20 percent above the previous high in 1946. As a result, gross farm income in 1947 was over 34 billions.

Farm wage rates in 1947 were the highest on record, averaging about 8 percent above 1946 and nearly 3.5 times the 1935-39 average. They are expected to stay near present levels in 1948. However, the labor supply will expand and the skill of workers will improve. Foreign workers will not be available for seasonal farm work under a Government-financed transportation program in 1948. As a result local labor

FARM OUTPUT AND COSTS

Year	Central New York dairy	Southern Wisconsin dairy	Corn belt Hog-beef fattening	Northern Plains— Spring wheat, small grain, livestock	Southern Plains winter wheat	Southern Plains cotton	Black Prairie cotton
	Total production, Index Numbers (1930-44=100)						
1930	91	98	89	118	143	67	94
31	102	83	86	58	158	100	126
32	85	96	101	106	99	124	104
33	83	86	85	74	87	106	98
34	92	79	54	37	49	44	74
1935	99	98	89	91	39	89	89
36	87	85	110	30	63	68	95
37	99	100	99	95	47	135	124
38	110	100	93	91	79	96	98
39	97	94	88	77	43	77	108
1940	106	111	98	95	70	96	111
41	103	103	105	144	151	128	85
42	118	123	124	164	166	130	94
43	109	119	138	159	127	113	104
44	119	125	141	161	179	127	96
1945	118	125	142	174	217	81	91
46 ¹	117	116	155	157	208	81	74
Operating expense per dollar of gross farm income							
1930	Dollars 0.58	Dollars 0.48	Dollars 0.57	Dollars 0.75	Dollars 0.48	Dollars 0.56	Dollars 0.48
31	.55	.71	.80	1.47	.69	.57	.55
32	.69	.65	.70	1.14	1.02	.48	.55
33	.63	.64	.70	.59	.59	.37	.39
34	.61	.63	1.06	1.11	.67	.66	.33
1935	.49	.40	.39	.45	.51	.33	.32
36	.55	.48	.60	1.14	.43	.43	.32
37	.61	.44	.42	.40	.62	.38	.40
38	.53	.49	.44	.58	.52	.37	.40
39	.60	.54	.48	.47	.64	.38	.34
1940	.55	.46	.39	.45	.50	.37	.36
41	.52	.38	.30	.28	.23	.27	.30
42	.48	.33	.23	.25	.19	.30	.33
43	.48	.34	.29	.24	.23	.32	.32
44	.46	.33	.31	.24	.20	.31	.38
1945	.44	.35	.30	.21	.14	.35	.38
46 ¹	.43	.30	.21	.18	.12	.31	.32

¹ Preliminary.

shortages probably will occur, particularly in areas where bad weather interferes with harvest.

Production of farm machinery in 1947 exceeded the record of 1946, and prospects are favorable for continued high production in 1948. Even though exports of farm machinery in 1947 were larger than in 1946, more new machines were available to United States farmers than in any previous year. It is not expected that exports of farm machinery in 1948 will handicap United States farmers to the extent that farm production will be reduced.

Machine costs will be slightly higher than in 1947. Gasoline and fuel prices will average higher in 1948; and tractor and other power and machine prices probably will remain near present levels. Prices of new farm tractors are now 34 percent above 1935-39 and gasoline prices are 15 percent above. Higher prices for feeds means that costs for animal power will increase.

Feed grain prices set new records in September when they were 77 percent above February, 40 percent above September 1946, and 24 percent above the former high reached in June 1920 following World War I. Prices dropped moderately by December but are expected to stay high for the present feeding season. Dairy and poultry farmers, particularly in deficit feed areas, will be hardest hit by high feed costs and possible shortages. This year, it will pay feeders to cull carefully, to substitute roughages and high protein feeds for corn and other feed grains, and to avoid waste in feeding.

Farmers used more fertilizer in 1947 than ever before. Supplies for the year ending next June 30 are expected to be 5 to 10 percent above those of the previous year. Prices of fertilizer in the first half of 1947 will be slightly higher than in 1947. This year, farmers paid around 10 percent more per ton of fertilizer in 1947 than in 1946. But prices of farm products have risen relatively faster than fertilizer prices.

Prices of seeds generally will stay fairly high during the spring of 1948. Stocks of 34 legume, grass, and cover crop seeds in the hands of dealers on June 30, 1947, were 23 percent below a year ago and 44 percent below the 1941-45 average. Production of 12 principal

legume and grass seeds in 1947 was about 6 percent below 1946 and 2 percent below the 1941-45 average.

The supply of insecticides and fungicides for the most part will be large enough in 1948. Prices will be slightly higher than in 1947, except in the case of DDT. The price of DDT declined about 15 percent from 1946 to 1947.

The building supply situation, particularly for lumber, has been improving for some time. Prospects for supplies of most building items in 1948 look fairly favorable. Both retail stocks of lumber, farmers' main source of supply, and production have improved. Lumber production in 1947 probably about equaled the 1941 record of 36.5 billion board-feet. Production in 1945 and 1946 was 28.1 billion and 36.1 billion feet, respectively. Supplies of 2 x 4's, 2 x 6's and mill work items are tight and prices are more than double pre-war.

Supplies of barbed wire, fencing, nails, pipe, bale ties, and other merchant trade products have grown but do not yet fully meet needs. Distribution also improved, but is not yet normal. Prices remain high.

Real-estate taxes have risen widely in the past few years. Their course in the next few years will depend largely on how much local governments can use other taxes to meet increased expenditures.

Despite record farm costs in 1948, there is real opportunity for most farmers to maintain or increase income by cost reduction.

Generally the individual farmer has little direct control over cost rates. He has to improve methods of production and increase total output in order to reduce his per unit costs of output. Among the things individual farmers can do to increase their returns or reduce costs are: use better varieties of seeds, optimum amounts of fertilizer, more careful insect and disease control, more labor saving equipment, more timely operations, make a closer selection and culling of livestock, and use care in feeding livestock. These practices will pay big dividends.

Table 1 shows the results of operations and the adjustments which took place from 1930 to 1946 on 7 different types of farms. Each of these farms

represents farms of that type in their areas in terms of size, production, operations, and various other aspects.

Total production generally increased on all farms during the 17-year period, and particularly during the war, when the increase was needed most. The greatest increases usually came on crop farms. Weather was generally favorable to crop production during the war, but increased production came mainly because farmers were able to take advantage of many technological developments and improved practices that became available in the interwar period. Even on the livestock farms, output increased by 15 to 25 percent during the war.

Although milking machines and some other labor-saving equipment are used generally on livestock farms, livestock farmers have not had as much labor-saving machinery and equipment available as wheat, corn, and general crop farmers. This means that livestock enterprises which use large amounts of labor are somewhat handicapped, particularly when wage rates are high. Central New York dairy farmers, for example, increased their total farm output by 28 percent from 1930-32 to 1944-46, and used 9 percent more total labor in 1944-46 than in 1930-32. Winter-wheat farmers, on the other hand, increased total production 51 percent with no increase in labor. Hog-beef fattening farmers in the Corn Belt increased total production by 59 percent and used 8 percent less labor.

The Corn Belt farmers and the wheat farmers particularly have boosted their

use of mechanical power and labor-saving devices. As a result they have been allowed to increase the size of their farms, cut down the use of labor, and increase output per man. The use of hybrid seed corn and better varieties of other seeds also has helped to raise output on these farms and lower unit costs.

Some farmers have been able to hold unit costs in check despite the increases in cost rates. From 1942 to 1946 about 18 cents of each dollar of gross farm income on Southern Plains winter-wheat farms went to pay operating expenses, compared with 46 cents on central New York dairy farms, 33 cents on southern Wisconsin dairy farms, and 32 cents for Southern Plains cotton farms. Operating expense per dollar of gross farm income was higher on all farms in the thirties than in 1942-46. The greatest reduction in operating expense per dollar of gross farm income has been on the wheat farms and the least on dairy and cotton farms.

Feed costs and wage rates rose more in 1942-46 than the cost rates of most other items used in farm production. Hired farm labor and purchased feed are still among the high cost elements in production costs. The individual farmer can hold unit costs in check by substituting good quality hay, pasture, and other forages to a maximum for purchased concentrates and by the extensive use of labor-saving devices.

WYLIE D. GOODSELL

Bureau of Agricultural Economics

Feed Supplies Down From 1947

BY VOLUME, the supply of concentrates for the current feeding season is 15 percent below last year and about equal to the 1937-41 average. Considering livestock and poultry numbers, the concentrates supply will be about 12 percent less than last season.

The total carry-over of feed grains next summer probably will be the smallest since after the droughts of 1934 and 1936.

Feed grain supplies will be down about one-fifth from last season. Most of the decline is in corn, although supplies of

oats and sorghum grains also are down considerably.

Less grain will be processed than last season. Supplies of grain byproduct feeds such as distillers' dried grains and corn gluten feed will be much smaller.

High-protein feeds are a bright spot in the picture. In total, the supply of oilseed cake and meal this season will be a little above 1946-47. Per animal-unit, high-protein feed supplies will be near record levels. Most of the increase will be in linseed and cottonseed meals. There will be less soybean meal. Hay supplies will be ample.

Livestock and Meat Prospects

MOST livestock producers will do pretty well in 1948. They will sell less livestock, but good prices will hold cash receipts to a near record. Consumers will eat less meat than in 1947, but still much more than prewar.

Meat consumption in 1948 will go down to about 146 pounds per person, 10 pounds below 1947. Smaller supplies of beef will bring most of the decline. At the same time, we will eat more beef per capita than in any recent year.

There will be less pork. The pork we eat in the next 9 months will come from pigs raised in 1947. Last spring's pig crop was slightly above that in 1946, as was the fall pig crop. Farmers will sell these hogs lighter than the unusually heavy weights of last season. The lighter weights will reduce pork and lard output.

Pork supplies for the last quarter of 1948 will come from the 1948 spring pig crop. In December, the spring pig crop was estimated at 7.7 million, 11 percent below 1947.

Hog producers' plans for next fall's pig crop will be guided by crop prospects next spring and summer. Supplies of corn then will be small. Prospects for grains will shape producers' plans more than usual at that time.

Supplies of lamb meat in 1948 will be below 1947. Poor wheat pastures have reduced the number of lambs fed this fall and winter. Thus lamb supplies in the first half of 1948 will be well under 1947. Also, the 1948 lamb crop will be down. The down-trend in sheep numbers appears to be still under way. Sheep numbers now are the lowest since 1924.

Beef cattle numbers also are down.

Slaughter of cattle in 1947 was unusually heavy, especially of steers. Through September 1947, slaughter of steers under Federal inspection was the largest on record. Slaughter of cows and heifers also was very large. The breeding herd is now below 1947, but still above prewar.

The down-phase of the present cattle cycle will continue for at least another year or two. When producers do start holding back cattle in order to increase numbers, cattle for slaughter will be relatively small. This means that beef output for the next several years will

Lower Meat Output

FOR 3 years, our meat animal numbers have been falling. The smaller numbers in 1948 and smaller feed-grain supplies probably will shrink our meat output about 7 percent from 1947. But at that point, production will be over 20 percent above the 1937-41 average.

be smaller than during the last 5 years. Another factor is the quarantine on imports of Mexican cattle, which reduces the supply of stockers and feeders by about half a million head per year.

Fewer livestock will be fattened this winter and next spring than in the last few years. The poor wheat pastures this fall will mean less cattle and lambs pastured. Smaller feed-grain supplies and high prices of feed will discourage grain feeding.

In 1947, consumers paid out for meat about one-fifth more than usual in relation to their income. Much of this change may have come from changes in income distribution between individuals. However, some part of it flowed from the inability of consumers to spend for scarce durable goods. If consumers' meat-buying habits were to shift back to their usual relationship to income, prices for meat and meat-animals would feel the pinch. However, with smaller meat supplies, prices are expected to stay unusually high in 1948.

REED A. PHILLIPS
Bureau of Agricultural Economics

Of the 8,400 farms which replied to a questionnaire mailed by the Bureau of Agricultural Economics last July, over eight out of ten have radios, while six out of ten have electricity from a central power station, but less than four out of ten have telephones. Questionnaires were mailed to 15,000 farmers. Census data show that the percentage of the nation's farms having radios and electricity has been increasing sharply since 1930.

U. S. Food Supplies Large

THE AMERICAN people in the year ahead will continue among the best fed in the world. But they will eat slightly less, in total, than in 1947. Also, the Nation's pantry may hold a little smaller stock of food.

Production will be large, but down somewhat from 1947. After all, 1947 food output hit a new high—40 percent above prewar. Some easing off can be expected. Meat will be less plentiful. Also, our total output of food crops probably won't equal the 1947 record—50 percent above prewar—unless we have unusually good weather.

Foreign trade is important here. We probably will export slightly less food than in 1947, and import somewhat more. The foreign need for food will be greater in the first half of 1948 than in early 1947. However, this demand is likely to ease up next fall, after the harvest in Europe. These statements assume that food production in Europe will be above that in 1947. We had looked for better European output for 1946 and 1947, but instead of improving it has kept falling off. However, if the weather is about normal, and supplies of fertilizer and farm machinery are not too short, the new crops should be larger than in 1947.

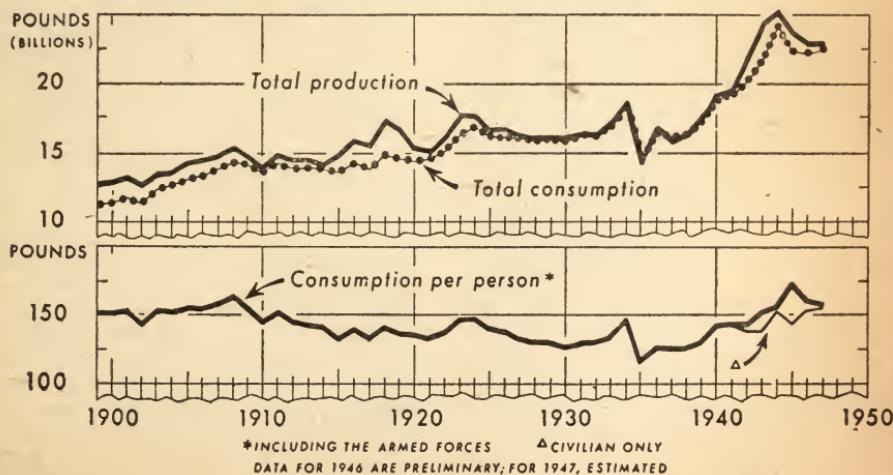
Our total supplies will depend mostly on how much food we produce. But production alone won't decide this. Some food will be exported and some imported. Also, we shall save out seed for planting and hold some food as carry-over stocks at the end of 1948. These stocks will be needed to feed us during the seasonally low production period in early 1949.

We will have more sugar, butter, and dried fruits than in 1947. On the other hand, there may be less lard, sweetpotatoes, meat, chicken, and some canned fruits—principally apricots and pineapple. Little change from 1947 is expected for the other foods.

Sugar production in this country may run 10 to 15 percent higher in 1947 than last year. This production, plus large imports from Cuba, Hawaii, and Puerto Rico, will allow us about 100 pounds of sugar per person in 1948. That will be more than we have had since prewar. In 1935-39, our per capita sugar consumption was 96.5 pounds; for 1947, average consumption probably will be about 95 pounds.

Although total milk output is expected to change little from 1947, butter is likely to be more plentiful. Consumption of fluid milk and cream prob-

PRODUCTION AND CONSUMPTION OF ALL MEATS, EXCLUDING LARD, UNITED STATES, 1899-1947



ably will be at about the 1947 level, but a further decline is expected in exports of whole milk dairy products.

More dried fruits will be available largely because of the big 1947 crop of raisins. For other types of dried fruits, slightly smaller domestic supplies are in prospect.

Lard supplies will be down in 1948 because hogs probably will be marketed at lighter weights and exports to western European countries are likely to remain large. High feed prices, together with the grain conservation program, will retard fattening of hogs.

There will be fewer sweetpotatoes in the first 8 months of 1948 than in the same period this year. The small 1947 crop will be responsible, especially because of poor crops in areas that produce the sweetpotatoes sold late in the season. For example, in Louisiana the 1947 crop was 7.5 million bushels, almost one-third below 1946 and about 10 percent below the 1936-45 average.

Meat supplies in the new year will be about a billion and a half pounds below 1947. Although this may mean a drop of about 10 pounds per person, from the record 1947 high, we shall still eat more meat in 1948 than in most of the past 35 years.

Food prices will stay high through most of the year. Consumer incomes and expenditures seem likely to remain large. The supply of many consumer durable goods (automobiles are a good example) will still be short of demand. So more of our income will continue to be spent on food and other nondurable consumer goods than before the war. Then again, the urgent foreign need for food will continue to strengthen food prices.

Prices of meats, poultry, eggs, and cereal products probably will average above 1947. However, for most other foods retail prices may be about the same as in 1947. Prices for individual foods will vary with seasonal shifts in production. For example, the price of eggs will be at its seasonal low in the spring, and prices of fruits and vegetables will be at the year's low point during the summer and early fall.

HARRY SHERR

Bureau of Agricultural Economics

Truck Crop Output

THE 1947 total production of 5.5 million tons of 11 truck crops for commercial processing was 13 percent less than the record output of 6.3 million tons in 1946. At the same time it was 21 percent above the 1936-45 average.

Of the 11 crops only 3—beets for canning, cabbage for sauerkraut, and spinach—had below average production. However, only one processing crop, green lima beans, had a greater tonnage in 1947 than in 1946. The 1947 production of green lima beans established a new record high for this crop.

Harvested acreage of these crops was 1.8 million acres, 10 percent less than 2.1 million acres harvested in 1946, but 13 percent above the average area of 1.6 million acres.

Yields per acre were above average for asparagus, green lima beans, cucumbers for pickles, green peas, spinach and tomatoes. Below-average yields were recorded for snap beans, beets for canning, cabbage for sauerkraut, sweet corn, and pimientos.

These estimates of crops for processing include quantities procured for commercial canning, freezing, and other processing, exclusive of dehydration.

Land Values

FARM real estate values for the country as a whole rose 1 percent during the 4 months ended November 1, 1947. Land values in the Spring Wheat States increased sharply, while in most other areas the increases were moderate. Four States showed slight decreases.

The United States index (1912-14=100) was at 164, a rise of 8 percent from November 1946. This is the smallest annual increase since 1942. This level is 97 percent above the 1935-39 average, and only 4 percent below the 1920 inflationary peak.

Preliminary data indicate that voluntary sales of farms have fallen off from the unusually high volume reported for the summer of 1946. Fewer farms are being listed for sale. Of those sold, many farms or tracts of farm land are being bought by farmers who are increasing the size of their units.

World Food Crisis

FOR THE world as a whole, 1948 is a year of food crisis. World food consumption per capita in the 1947-48 crop year is estimated at 2 or 3 percent below last year, and nearly 10 percent below prewar.

Before the war, over half the world's people ate less than 2,250 calories per day. And few of the dietary changes since then have been upward. Here in America we are eating about 15 percent more per person than in 1935-39. But this is an exception. Last year in Germany, for example, the people were eating an average of 30 percent less than prewar.

This is the third postwar winter of widespread hunger. In many countries, this winter will be the worst of the three.

The world cereal crop—wheat, rice, and rye—will be only slightly above last year. However, the total of coarse grains—used for both food and feed—will be down 5 to 10 percent. Output of sugar and of fats and oils will be somewhat above last year, but that of meat, dairy products, and potatoes will be a little less.

Except for potatoes, world output of most food crops is above last year. However, the shortage of feed crops aggravates the serious food situation. The feed shortage is widely felt, as feed goes into so many products and uses. Although we can't measure the shortage too well, we know that supplies are down sharply in the major livestock areas. As a result, there is heavy pressure on livestock producers everywhere to feed grain that should be used for food.

Here are key reasons why the world situation is worse than last year: (1) The world has 15 to 20 million more people; (2) food reserves in surplus-producing areas are much smaller; (3) in some of the surplus food-producing areas, notably in the Western hemisphere, consumers have money to buy more food than ever before. Their heavy buying eats into the supplies available for export; and (4) food production in the food deficit areas is below 1946.

In western Europe, the area most dependent on food imports, last winter's

freezes caused much abandonment of fall-sown acreage. Only a part could be replanted. Also, even these crops were hurt by the summer drought, as were the beets, hay, and potatoes.

In the Far East, the other large food-importing area, crop prospects are again poor. Rice is the key food. In the usually surplus rice areas of Burma and Siam, the crop will be much below normal. Supplies for export to other parts of the Far East may be only about one-third of usual. Even in normal times, people in the Far East have little to eat. Therefore, the rice shortage is raising the threat of wholesale starvation.

Cereal output in Europe (outside Russia and the lower Danube countries) falls below 1946 by what amounts to some three slices of bread (75 grams) per person per day. That is the average for the whole 1947-48 cereal year. In some countries, notably France, the daily bread ration has been cut from last year. But neither in France nor in most of Europe has it been cut by anywhere near three slices per person. Unless food supplies improve, the ration cut—when it is made—will have to be more than three slices per day. There is no reason to believe home-grown foods can close the gap. Nor can the slump in bread-grain crops be offset fully by imports. To do that would take an increase of at least 6 million tons over last year's imports. And to boost shipments to Europe that much would leave less than 5 million tons for other parts of the world—less than half of their last year's shipments.

For the world to eat as well as last year, about one-fifth more food would have to go into international trade. Yet this year's volume will be little, if any, larger than in 1946-47. This means that even last year's low rations must be trimmed down in many countries.

World hunger focuses on food grains. Bread or its grain counterpart is the staff of life in most countries, while potatoes or other starchy fruits and vegetables are a close second. Not only do these furnish cheap calories, but they also supply protein, minerals, and vitamins. Refined sugar and cooking

fats, the other fairly cheap sources of calories, offer little but calories.

Before World War II, cereals, potatoes, and other starchy roots or fruits provided about one-third to one-half of the calories eaten, even in advanced countries. In some of the poorer countries, on the other hand, the people often got one-half to two-thirds of their calories from these foods. Now such foods will bulk even larger in the diet.

Many grain-importing countries have tightened their controls over grain. They have speeded up farm deliveries, restricted black markets and cut down on grain fed to livestock. With feed supplies sharply reduced, Europe's livestock numbers are sure to decline this year.

By putting a larger share of grain onto family tables, and less into livestock, the world's people will have more calories in 1947-48 than the size of the crops might suggest. The need for bread cannot be denied—even though meat and eggs may be scarcer next year.

Of course, people cannot live on bread alone. Bread does not have all the fats, minerals, and vitamins needed in the diet. Hence some livestock products are essential—especially milk and eggs.

Starvation is becoming a familiar threat in Europe. Last year, for example, Europeans could have an average of only 2,470 calories per day—2,300 for nonfarmers. For some countries—Italy, Austria, Germany—nonfarm people had only 1,950 calories; for Greece and France, 2,100 and 2,200 calories, respectively. These figures include not only the official rations, but also all the off-the-ration foods. The city people of Europe as a whole are eating almost one-fifth less food than prewar.

Even Europe's prewar average of 2,850 calories per person per day was less than Britain's low diets of last year. But the British people as a whole last year had about as little food as will keep people alive and in good health—even with strict control of the make-up and distribution of the diet.

The British people last year ate less than during the war. Nevertheless, on a national scale they still had the minimum needed for milk, fruit, and vegetables other than potatoes and mature legumes. And the British saw to it

that key foods—milk and vitamin-rich foods in particular—went to the folks who needed it worst.

For much of Europe, diets this year will continue far below the British. Hunger will stalk the whole continent.

The health of the German people has declined noticeably during the past year. There were no real epidemics, but tuberculosis increased steadily. The worst gap in diets so far is the general shortage of calories. Also, there is little fat and protein in the ration.

The people in the United States zone last July weighed less than in July 1946. The average losses varied from 0.3 pound for women aged 20-39, and 60 and over, to a high of 4.6 pounds for men 60 years and over. There was an average loss of 1.3 pounds in men aged 20 to 39 and 1.9 pounds in men aged 40 to 59. On the average adults probably are too thin for health and work.

But the crisis is worldwide—not just European. Sir John Orr of the Food and Agriculture Organization of the United Nations recently said:

"The number of people in Europe and Asia who will die from the direct or indirect effects of food shortage in the next 12 months will be greater than the number who were killed in the fighting or in the bombing in any year of the war."

What we in this country can do in food sharing will not feed all the hungry. Other nations must help. But we have a responsibility to do what we can. Certainly we cannot continue to eat as we would like, and do our share in meeting needs abroad.

The long-term answer is larger world food production. As the Food and Agricultural Organization has pointed out: "If modern science in agriculture and nutrition were applied to increase food production with the same intensity as it was applied to produce weapons of destruction during the war, then within a few years a world of famine would be transformed into a world of plenty. But this can be done only if the nations are prepared to act together and to give priority to the production of the primary necessities of life for the people."

HAZEL K. STIEBELING
Chief, Bureau of Human Nutrition
and Home Economics

Farm Family Living Prospects

FARM families will continue to improve their levels of living in 1948. However, despite the gains of recent years, farm folks as a whole still have a long way to go before they have conveniences and services equal to those that are taken for granted in urban areas. Farm incomes will continue high and opportunities for off-farm work at good wages will be favorable, but per capita net income of persons on farms will still be much below that of non-farm people.

Housing: Because of the smaller farm population and consolidation of farms it appears likely that the building of new houses on farms in 1948 will continue at a lower rate than in nonfarm areas. But in contrast to the 1930's, a large proportion of the farm houses that are built in 1948 will be of adequate size and equipped with modern facilities. Where possible to do so, it is usually cheaper to modernize an old home and most of farm-housing improvements will continue to come in this way.

Opportunities for improving farm dwellings have been increased by the high proportion of home ownership, about 65 percent for all dwellings on farms in 1947 as compared with 53 percent in 1940. And even more important is the spread of rural electrification. By the middle of 1948 two-thirds of all farms will be hooked up to power lines. Less than half the farms had central station power in 1945 and only 1 out of 9 as late as 1935.

With greater buying power and consumer goods more readily available, more farm wives will enjoy such conveniences as electric irons, radios, and washing machines, and for those able to afford it, refrigerators.

A survey made by the Bureau of the Census last April indicates the change in farm housing and facilities since the last census in April 1940. For the 7-year period the average yearly increase in the number of farm homes reporting electric lights was 300,000. The average increase in the number reporting running water was 150,000 and for bathrooms, including a flush toilet, it was 100,000 per year.

In the case of electricity we know that the rate of increase was much slower during the height of the war effort. Present prospects are that at least 400,000 additional farm homes will receive electricity in 1948. Assuming the same ratio for other facilities, there will be an increase of about 200,000 homes with running water, and 135,000 complete bathrooms. On the other hand there was a decrease of about 440,000 occupied dwelling units on farms from April 1940 to April 1947. Most of this decrease was in the South, especially among tenants and croppers who had lived in small houses without modern facilities.

As a consequence, the proportion of farm houses with private baths and flush toilets increased from less than 11 percent in 1940 to more than 20 percent in 1947. This may be compared with 84 percent in urban dwellings in 1947 and 55 percent for rural nonfarm. Although farmhouses have about twice as many bathrooms now as in 1940, there is still much room for improvement. In urban areas, ownership makes comparatively little difference in facilities, but owners of farmhouses are three times as likely to have bathrooms as tenants.

Health: The problem of medical care will continue to be serious for farm people in 1948. Doctors and hospital beds will not be available in adequate numbers. Funds became available last July for the Administration of the Hill-Burton Hospital Survey and Construction Act and about half of the States have their plans approved, with more coming in. As was intended, most of the construction plans are for the rural areas where more hospitals are so badly needed. Construction of the first units will get under way early in 1948 but few hospitals will be completed this year.

Education: The trend toward school consolidation, interrupted by the war, will continue in 1948. The continued scarcity of qualified teachers will accelerate this change. There will continue to be an expansion of vocational education and guidance, and more farm children will attend high school.

JOHN C. ELLICKSON
Bureau of Agricultural Economics

Wheat

WITH large domestic and foreign demand for wheat and the crop probably well below 1947, wheat prices in the United States in 1948-49 will continue relatively high. In fact, demand is expected to stay strong for several years. The needed production will call for a full acreage of wheat. With good farming practices, this would probably not exceed the 75 million-acre goal for 1948 seedings.

Domestic wheat disappearance for the year ending next June 30 is estimated at 848 million bushels. This total includes 250 million bushels for feed, 510 for food, and 88 million for seed. As the total supply for the year is estimated at 1,449 million bushels, about 600 million would be left for export and carry-over. Later estimates of disappearance will reflect savings resulting from the grain conservation programs.

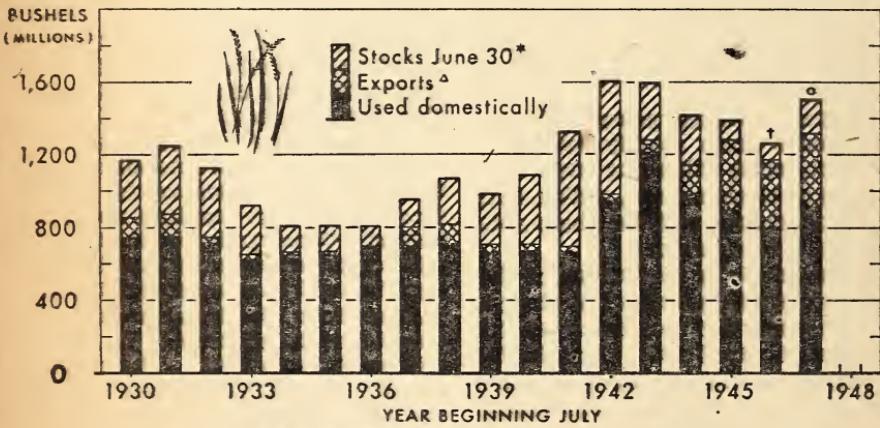
The present estimate of wheat feeding is much below the August estimate of 325 million bushels. At that time, corn prospects were poor and wheat prices were favorable for feeding. However, less wheat was fed in July-September than had been expected. Wheat

prices were high relative to corn prices, which discouraged wheat feeding. In addition, the quality of the corn crop is much better than had been expected. Estimates of the wheat fed will need to be reexamined as reports on stocks and other data for each quarter become available. How much wheat is fed in the rest of the marketing year will depend much upon the severity of the winter, livestock-feed price relationships, and the rates of livestock marketing.

The outlook for the 1948 crop will largely decide the size of our wheat exports next spring. We could export a total of 450 million bushels, and still have a carry-over of about 150 million. A carry-over of this size would be below the 1932-41 average, but much above the 84 million bushels on hand last July 1. Stock were permitted to go that low last July only because of the good crop prospects.

In the 3 years ending last October 1, our wheat exports totaled almost 1.1 billion bushels—surpassing the total for the preceding 16 years. In 1945-46, our exports of wheat, including flour, were 391 million bushels, a fourth larger than the previous record in 1920-21. In 1946-47, 400 million bushels were exported. In the 1947-48 year, we will surpass

DISTRIBUTION OF U. S. WHEAT SUPPLY, 1930-47



* 1930-36 INCLUDES SOME NEW WHEAT

▲ INCLUDES FLOUR MILLED FROM DOMESTIC WHEAT ONLY

† PRELIMINARY ° TENTATIVE

even that high mark, exporting the most wheat ever exported in a year by a single nation.

Wheat and flour exports from the United States in the 1947-48 year will again make up over half of the estimated 865 million bushels entering world trade. Canada is expected to export about 200 million bushels, Australia 90 million, Argentina about 75 and other countries including Soviet Russia, possibly 50 million.

Prospects are that the demand for wheat will be large enough to absorb our production through 1949-50 and possibly 1950-51. Large acreages and high yields in the big wheat countries could result in a surplus during the next few years, although no surplus is expected soon.

Wheat prices to growers in mid-December reached an all-time peak, in spite of the largest wheat crop in our history. The sharp price rise since August resulted in large part from dry weather in parts of the winter wheat area, which delayed seedings and prevented germination until rains came in late November. The level of prices in 1948-49 will depend upon the size of crops in important importing countries, such as France and Italy, as well as upon production in exporting countries.

A 1948 winter wheat crop of about 839 million bushels was forecast as of December 1. A winter crop of this size would be about 21 percent below the all-time record crop in 1947, but 28 percent above the 1936-45 average. If average yields are obtained and the acreage of spring wheat is about the same as in 1947, another 1.1 billion-bushel crop is likely. We have had only five such billion-bushel crops in our history, four of them in the last 4 years.

With domestic disappearance of about 800 million bushels, such a crop would leave about 300 million bushels for export, 1949 crop outlook permitting.

Any early season forecast is predicated on average conditions for the rest of the season.

The acreage seeded to winter wheat for harvest in 1948 totals 58,848,000 acres, about one percent larger than seeded for the 1947 crop. If about the same acreage is seeded to spring wheat as the 19.9 million acres this year, the

wheat goal of 75.1 million will be exceeded.

Under the terms of the trade agreements negotiated at Geneva last summer, the United States import duty on wheat for human consumption was reduced from 42 to 21 cents per bushel. The import duty on wheat flour was reduced from \$1.04 to 52 cents per hundredweight. Imports from all countries, however, remain subject to an annual quota of 800,000 bushels of wheat and 40,000 hundredweight of flour. Of these amounts, the annual import quota for Canada is 795,000 bushels of wheat and 38,150 hundredweight of flour.

The world wheat crop for 1947 is about the same as in 1946, when it was 4 percent below the 1935-39 average. Record crops in the United States and Australia bring the world total to near-average, despite poor crops in Europe and the Soviet Union. The 1947 rye crop is 4 percent above 1946, but only 88 percent of the 1935-39 average. World supplies of wheat available for export are up to prewar, but the need for grains in the importing countries is vastly greater.

ROBERT E. POST
Bureau of Agricultural Economics

Fats and Oils

GROWERS probably can figure on oil crop prices staying high for the rest of the 1947-48 marketing year, though not necessarily at the November level. Oilseed prices may fall moderately in 1948-49, because of increased world supplies of fats and oils, but will remain high in relation to most years.

Over the longer term, expanding world output is likely to pull down the prices of fats, oils, and oilseeds. But no slump like that after World War I is in prospect.

Support prices for flaxseed, soybeans, and peanuts grown in 1948 probably will all be above wartime levels.

Prices to growers for oil crops were near record levels in mid-December. Farmers got an average of \$3.69 per bushel for soybeans, \$6.67 per bushel for flaxseed, \$94.80 per ton for cottonseed, and 10.1 cents per pound for peanuts. These prices were more than

three times the 1935-39 average, except for peanuts—the peanut price was nearly three times prewar.

The support price for 1948-crop flaxseed will be the same as for the 1947 crop—\$6 per bushel, Minneapolis basis, equivalent to an average of nearly \$5.80 per bushel to growers. The support price for soybeans is required by law to be no lower than 90 percent of the comparable price at the start of the marketing year. In mid-December 1947, 90 percent of the comparable price of soybeans was \$2.12 per bushel. The support level for the 1947 crop of soybeans is \$2.04 per bushel (No. 1 or No. 2 green and yellow varieties).

Peanuts grown in 1948 will be supported at 90 percent of parity. On the basis of the mid-November 1947 parity index, this support price would be 10.6 cents per pound.

Total production of fats and oils from domestic materials in 1947-48 may be up slightly. The cottonseed and flaxseed crops were much larger in 1947 than in 1946, which means more cottonseed oil and linseed oils in 1947-48. However, these gains will be nearly offset by lower production of lard, grease, tallow, and soybean oil. The reduced corn crop in 1947 will result in slaughter of hogs at lighter weights and a reduced yield of lard and grease per animal. Cattle slaughter is expected to decline because of the fewer cattle on farms.

Domestic output of fats and oils in the next few years probably will continue above prewar, if prices for fats and oils stay relatively strong. Good prices for fats and oils would help to hold soybean oil production far above the prewar rate. Output of butter and cottonseed oil probably will tend to rise. On the other hand, production of linseed oil from domestic flaxseed may sink to prewar levels if imports of Argentine flaxseed (either as seed or as linseed oil) become readily available. The reduced cattle slaughter expected in the next few years will cut tallow output, but probably not to the prewar level. Lard output may average about the same as in the last year or two.

Soybeans

Prices for soybeans are likely to be high at least until mid-1948. Domestic demand for fats and oils is strong.

Prices for soybeans so far this crop-year have been \$3 to \$4 a bushel, compared with a wartime ceiling of around \$2.10 per bushel and the prewar average of about \$1.

Export demand for soybeans and their products is strong. Present legislation authorizes export controls for fats, oils, and oilseeds through February 1948. Supplies of oilseeds available to the European oil-seed-crushing industry are far below prewar. Only minor amounts of Manchurian soybeans have been shipped to Europe since the war. Manchurian soybeans formerly were one of the big sources of European oilseed supply.

World production of fats and oils is recovering from the low wartime level. However, it is still well below prewar, even though production in the United States is above prewar. Also, consumption has been rising in India and in other areas, adding to the world demand. Supplies are expected to be larger in 1948-49, but still small in relation to demand. Prices probably will go down from present levels, but they will still be much above prewar.

Our shipments of fats and oils to foreign countries and United States Territories in 1946-47, including the oil equivalent of soybeans and peanuts for crushing abroad totaled 850 million pounds. This was much less than during the war, but about 350 million pounds above the 1937-41 average. Exports of lard in 1946-47 totaled 367 million pounds, compared with 273 million pounds prewar. Exports of soybean oil and soybeans in terms of oil amounted to 119 million pounds, compared with only 41 million pounds prewar.

We are now importing less fats and oils than before the war, and exporting more. This reflects the smaller output in the rest of the world. Production of oils and fats in Europe in 1946-47 was about 35 percent smaller than prewar. Except for olive oil, European production of fats and oils is mostly animal fat. The war greatly reduced Europe's hog numbers. Its milk output per cow also fell as imports of grain and other feedstuffs were cut off. Since the war Europe has used its grain imports for food, rather than for restoring livestock production. Prospects for larger pro-

duction of animal fats in 1947-48 are poor.

Imports of fats and oils into the United States in the year beginning October 1946 totaled 1.4 billion pounds, including oil-seeds in terms of oil. This was halfway between the wartime average of 0.9 billion pounds annually and the 1937-41 average of 2.0 billion pounds. The prewar average import was exceeded in 1946-47 by coconut oil and copra in terms of oil, tung oil, and castor oil and castor beans in terms of oil. These items accounted for over 1.0 billion pounds. Most other items were far below prewar. Palm oil imports totaled 63 million pounds compared with 301 million pounds prewar.

Exports from areas other than Europe and North America also are below prewar. Estimated 1947 exports to Europe and North America are 6.0 to 6.5 billion pounds. This total is about 1.5 billion pounds above 1946, but 4 billions less than prewar. Exports of coconut oil and copra from the Philippine Republic, in terms of oil, increased from a few million pounds in 1945 to approximately 1.5 billion pounds in 1947—nearly twice the prewar average. But exports from most other leading sources are well below prewar.

Some rise in world's export supplies of oils and fats is likely in 1948. On the other hand, they won't be up to prewar, and probably not in 1949. Net imports of fats, oils, and oilseeds into the United States in 1947-48 probably won't change much in terms of oil from 1946-47.

The situation for oilseed meals is much the same as for fats and oils. The smaller 1947 crops of feed grains will add to the demand in 1947-48 for oilseed meals and other types of feed concentrates. European demand for our oilseed meals is urgent, as supplies from other areas are small. World supplies of oilseed meals will continue less than prewar, at least through 1948.

E. L. BURTIS

Bureau of Agricultural Economics

Dairy and Poultry

POULTRYMEN and dairymen in 1948 are headed for another good year. Farmers' cash receipts from both dairy and poultry are expected to be about as

high as in 1947. However, because of rising costs, particularly of feed, net income will not be as large as in 1947.

Egg producers probably will get at least as high average returns as in 1947. This will be due in part to the fact that price support levels will be about as high or higher during the flush production season of 1948 as actual returns in the corresponding period of 1947. Consumption of eggs is likely to stay around the 1947 level or may even increase somewhat. This consumption rate would be the second highest on record, exceeded only in 1945. Despite the strong domestic demand, however, it is expected that price supporting purchases will be necessary.

Egg production probably will be a little below 1947, with most of the decline coming during the second half of the year. Because of less favorable egg-feed price relationships, the number of chickens raised for flock-replacement purposes during 1948 is expected to be moderately less than in 1947. Hence, the number of pullets available to add to the laying flock during the latter part of the year will be less.

Production per layer is not expected to differ much from 1947. Smaller feed supplies are likely to result in a lower rate of feeding. However, the long-time upward trend in production per layer may offset any decline due to lower feeding.

Total output of chicken meat will also be somewhat less, largely because slaughter of chickens from farm flocks will be smaller. Commercial broiler output is not likely to differ much from 1947 if feed crops are average or good. Production of commercial broilers during the early part of 1948 will probably be less than in that part of 1947, but larger than in the second half of the year.

The number of turkeys raised in 1948 may not be much different than the number raised this year.

For 1948, prices to farmers for their chickens and turkeys are likely to average somewhat above 1947. Other meat supplies will probably be 5 to 10 percent lower than in 1947 with much of the decline coming in the latter half of the year.

Milk production probably will total about the same as in 1947. Milk cow

numbers at the beginning of 1948 are probably 2 percent below a year ago, but enough replacement stock is available so that the decline in milk cow numbers could be halted by the end of the year. The year 1948 will be the fourth consecutive year that milk cow numbers have been decreasing.

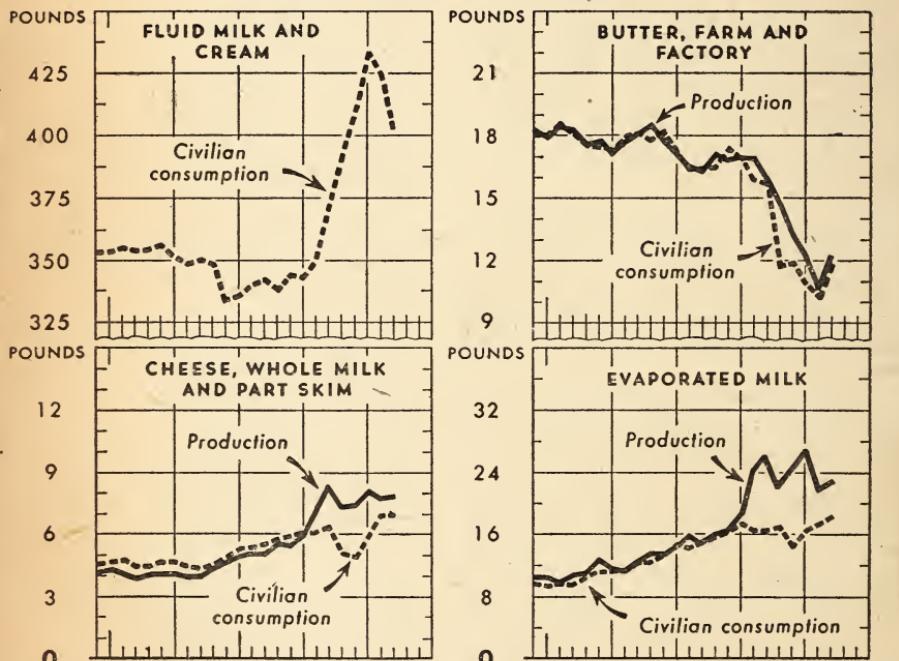
Prices for the 1948 year will probably average about as high as in 1947. However, it is expected that prices will be higher during the early part of 1948 than during early 1947 and lower in the latter part than in latter 1947.

Little change is likely in the pattern of milk utilization. With the high in-

comes continuing, consumption of fluid milk and cream is likely to remain at about 400 or more pounds per capita. Accordingly, about the same quantity of milk will be available for manufacturing purposes. It is expected, however, that exports of dairy products, particularly cheese, may decline. If this occurs, more milk will be available for butter, and output of creamery butter is likely to increase. Output of the other important manufactured dairy products is expected to be about unchanged.

GERSON LEVIN
Bureau of Agricultural Economics

TOTAL PER CAPITA PRODUCTION AND PER CAPITA CIVILIAN CONSUMPTION OF SPECIFIED DAIRY PRODUCTS, 1924-47*



*PER CAPITA PRODUCTION APPLIES TO TOTAL POPULATION
DATA FOR 1945 AND 1946 ARE PRELIMINARY; 1947 INDICATED OCT. 1

Cotton

THE cotton crop of 1948, for the first time in a generation, will return more than 2 billion dollars to growers. Only in two prior years—1918 and 1919—have cash receipts from cotton been this large.

The domestic supply of cotton in 1947-48 is estimated at 14.2 million bales, comprised of the 1947 crop of 11.4 million, the carry-over at the beginning of the season of 2.5 million and imports of around 0.3 million bales. This supply, the smallest since 1923-24, is only 88 percent as large as last season.

Domestic mill consumption is expected to be about 8 1/4 million bales in 1947-48. This will be lower than the 10-million-bale consumption last season but well above the 1935-39 average of 6.9 million. Mill consumption in August through October 1947 totalled 2,264,265 bales. This average daily use of 34,701 bales, adjusted for seasonal variation, is equal to an annual rate of 9.2 million bales. However, inventories of cotton textiles at wholesale and retail levels are gradually coming into balance with demand. Also, our unusually large exports of cotton textiles

are expected to decrease. For these reasons, it appears that this high rate of consumption will drop somewhat before the end of the present season.

Although the outlook for cotton exports is uncertain, preliminary estimates indicate that they may be about 2.5 million bales.

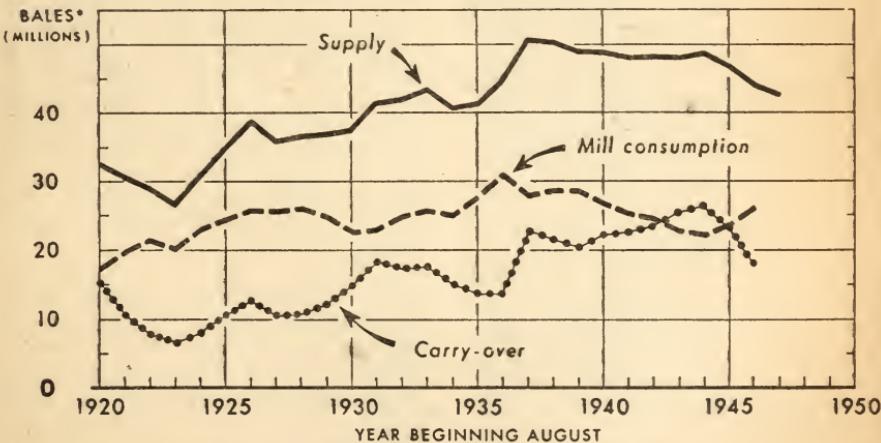
With domestic consumption estimated at 8,750,000 bales, total disappearance during the 1947-48 season probably will be about 11,300,000 bales. This total was 13,600,000 for 1946-47 and 11,700,000 for the 1940-44 average.

Our carry-over next August 1 may be around 2,900,000 bales. This would be 400,000 bales more than stocks last August 1. The total would be about a 3 months' supply at the average rate of disappearance for September and October.

The national goal for cotton acreage in 1948 has been set at 22,000,000 acres. This is 1,100,000 acres below the 1947 goal and only about 3 percent above the estimated 1947 plantings of 21,387,000 acres. If the acreage goal is reached, and if yield and abandonment are about equal to the 1942-46 average, a crop of about 11,500,000 bales would be produced.

Cotton production in foreign coun-

COTTON, ALL KINDS: WORLD SUPPLY, CONSUMPTION, AND CARRY-OVER, 1920-47



* AMERICAN IN RUNNING BALES (COUNTING ROUND BALES AS HALF BALES)
FOREIGN IN BALES OF APPROXIMATELY 478 POUNDS NET

DATA FOR 1946 AND 1947 ARE PRELIMINARY

tries this season is expected to be about 13.2 million bales, 6 percent larger than in 1946-47 but 3.6 million bales less than the 1935-39 average. The carry-over of all kinds of cotton in foreign countries at the beginning of the season was estimated at 15.4 million bales. It was only 350,000 bales less than at the beginning of the 1946-47 season, but 6.4 million bales above prewar. Mill consumption in foreign countries in 1947-48 is expected to be about 17.2 million bales compared to 16 million in 1946-47 and the 1935-39 average of 21.6 million.

With a supply of 31.1 million bales, including imports of 2.5 million bales of American cotton and with a disappearance of 17.7 million, the foreign carry-over at the beginning of the 1948-49 season may be about 13.4 million bales. This would be 2.0 million less than last August 1, but 4.4 million more than the 1935-39 average.

JOE H. MILLER

Bureau of Agricultural Economics

Vegetables

FARMERS can plan to produce as much or more of most vegetables in 1948 as in 1947. Demand is expected to remain strong. Continued high levels of employment and income, increases in our population, trends in consumption, and the world food situation all point to the need for large output of vegetables in 1948.

While prices as a whole will be high, there are possibilities for some decline, particularly in the last half of the year. Consumers may be somewhat less willing to pay high prices next year because of a continued decline in real purchasing power and a further dwindling in the wartime savings of lower income groups. Also, if bumper crops of grain are produced here and abroad in 1948, the world food emergency would ease up. Vegetables probably would share to some extent in any general slackening of food prices after the middle of the year.

Demand for commercial truck crops for fresh market and for processing will continue strong in 1948. However, increases in acreage following years of

high prices in the past indicate some danger that farmers may plant too much of some crops such as cabbage, celery, and onions.

Demand for vegetables for commercial canning and freezing probably will be at least as strong as in 1947. Reductions in pack and in prices this year have brought stocks into more normal relationship with annual production and consumption. Stocks carried over at the beginning of the 1948 pack season are expected to be only moderate.

Since the demand for potatoes is expected to be about the same as in 1947, the 1948 acreage goals announced in September call for the same commercial acreage and nearly the same total acreage as the 1947 goals. Each grower must comply with his goal to be eligible for price support on the 1948 crop.

If growing conditions in 1948 are average, the goal acreage would produce a crop of about 375 million bushels, or about the same as the 1936-45 average. For eligible farmers, 1948-crop potato prices will be supported at 90 percent of parity through December 31, 1948. If the parity price remains about the same as now, the prices farmers receive will compare favorably with those for the 1947 crop.

Sweetpotatoes probably will have a good market. Prices received by growers in 1948 will be supported, if necessary, at not less than 90 percent of parity through December 31, 1948.

Foreign and domestic demands for dry edible beans in 1948 and 1949 probably will be about as strong as in 1917. Prices received by growers for beans in 1948 will be supported if necessary at not less than 90 percent of parity through 1948. Growers' prices in recent months have been well above parity.

If much of the 1948 crop of dry field peas is required for food in Europe and other food-deficit areas, domestic and foreign demand for dry peas will stay strong through 1948. Prices received by farmers for smooth dry peas in 1948 will be supported at not less than 90 percent of the comparable price through December 31, 1948.

HERBERT MUMFORD
Bureau of Agricultural Economics

Fruits

THE MARKET for fruit and fruit products is expected to be nearly as strong in 1948 as in 1947. Growers probably will produce as large a total crop as in 1947. Under these conditions, prices are expected to be about the same as in 1947.

Supporting the demand for fruit in 1948 will be high consumer incomes, strong demand for other foods and articles, and severe food shortages in many foreign countries. In addition, the use of fruit for processing may be a little larger in 1948 as stocks of canned and frozen fruits and fruit juices are likely to be somewhat lower at the beginning of the new pack season than a year earlier.

The United States may export as much fruit and fruit products in 1948 as in 1947. However, commercial exports are likely to be considerably smaller than this year, because of the lack of dollars in foreign countries. But the reduction in commercial exports may be offset by increased Government shipments.

Even though moderate amounts of raisins, dried prunes, and concentrated citrus juices are exported, total supplies of fruit will be large enough to permit the present high rates of domestic consumption to continue. Supplies from abroad in 1948 may be larger than in recent years. Banana imports may exceed prewar for the first time since the war. Imports of fresh and canned pineapple, dried figs and dates, and cashew and Brazil nuts probably will be large.

The total crop of citrus fruits in 1947-48 may be about as large as in 1946-47. The grapefruit crop is now estimated to be about 5 percent larger than in 1946-47, but the orange and lemon crops about 5 percent smaller. As last season, much of the production will be canned as juice and segments. The new packs of canned orange juice and blended orange and grapefruit juice probably will be above 1946-47, but that of canned grapefruit juice may be about the same.

In the season just past, prices of canned orange juice and blended orange and grapefruit juice fell off and more was consumed than canned. Consumption of canned grapefruit juice, how-

ever, was only slightly larger than the pack.

Prices that growers will receive for 1947-48 crop citrus fruits are expected to average lower than for the preceding crop, because of large production, less export demand, and strong competition from other fruits. On the fresh market, auction prices are expected to decline in January and February, as usual, and to increase in the spring after market supplies decline.

The new deciduous fruit crop probably will be about as large as in 1947. Production of apples and apricots will be larger if output follows its usual tendency to rise following years when crops are small. With favorable weather, production of the other major fruits also should be near the high 1947 levels. Strawberry production probably will rise further in 1948 but may not reach prewar levels.

Demand for deciduous fruit for fresh use is expected to be about as strong in 1948 as in 1947. Demand for canning and freezing probably will be a little stronger, partly because stocks of canned and frozen fruits at the start of the season are expected to be smaller than a year earlier. Commercial export demand for fresh and processed fruit probably will not strengthen in 1948. It seems likely, however, that the usual small quantities of fresh apples and pears, plus substantial quantities of dried prunes and raisins, will be available for export. Prices for most 1948-crop deciduous fruits will be near 1947 levels.

Production of tree nuts is expected to continue large in 1948. Prices probably will be below 1947.

BEN H. PUBOLS
Bureau of Agricultural Economics

Wool

WOOL growers generally can count on slightly better prices for their wool in 1948 than in the year just past. The wool prices support program calls for supports to producers at the same level as in 1946. Prices received by farmers in 1946 averaged 42.3 cents a pound, grease basis, and will average about 41 cents for 1947.

The price outlook for fine wool is better than for medium and coarse wools.

Duty-paid prices of fine imported wools, adjusted to domestic standards, in early November were higher by 10 to 15 cents per clean pound than the CCC support prices for similar domestic wools. This spread was more than enough to offset the cut of 8.5 cents a pound proposed in our raw wool tariff. The strong world demand for the limited supplies of good quality fine wools suggests that prices of these wools may stay up for some time. Growers in 1948 may sell some of their fine wool at prices above support levels. On the other hand, support prices for medium and coarse wools are much above prices of comparable imported wools. The CCC has recently been selling medium and coarse wools at 8 to 16 cents a pound below support prices, to compete with imported wools.

Our output of shorn wool in 1948 may be about 250 million pounds, just a little under 1947. While sheep and lamb slaughter in 1947 has been much below 1946, probably the number of stock sheep on farms continued to decline. However, the decline during 1947 may prove the smallest since 1943. The heavy liquidation of stock sheep since 1943 has brought our wool output to the lowest level since 1924.

Production of pulled wool may be

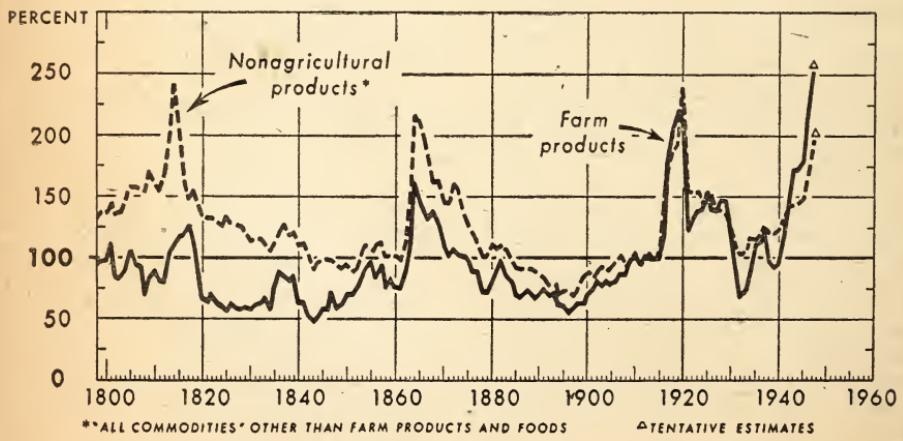
about 50 million pounds in 1948. This total would be moderately below 1947 and the smallest in 20 years. The growth of the Mouton fur industry in recent years has opened a new market to products of the sheep industry, but has reduced the pulled wool output. Only about two-thirds of the sheepskins produced in 1946 were pulled, compared to 92 percent in 1935-39.

Carry-over of domestic and imported wool into 1948 may be 100 to 200 million pounds (grease basis) less than the 1947 record of 893 million. CCC stocks of domestic wool probably will be down about 100 million pounds from a year earlier, and stocks of imported wool also will be much smaller. CCC sales of domestic wool rose sharply in the latter half of 1947. At the end of September, CCC stocks totaled about 370 million pounds (grease basis), compared with peak holdings of 540 million pounds a year earlier.

Visible supplies of apparel wool on January 1, 1948 (stocks plus domestic production), will be ample for consumption demands, with only moderate supplies from foreign sources. However, as supplies of some grades and types of United States wool probably will be inadequate or priced above foreign wool, imports may be only mod-

WHOLESALE PRICES OF FARM AND NONAGRICULTURAL PRODUCTS, UNITED STATES, 1798-1947

INDEX NUMBERS (1910-14=100)



erately below 1947. At the same time, it is not expected that imports will be much more than half of the 1946 record of 812 million pounds.

Some of the unusual forces that in 1946 and 1947 raised output of wool textiles two-thirds above 1939 are now largely spent. Nevertheless, demand for wool textiles, and mill consumption of apparel wool in 1948 may be but moderately below 1947. Of course, if general economic activity were to slow down very much, wool textile production would fall off, although it still would be larger than prewar.

Mill consumption of apparel wool in 1948 is expected to range between 825 and 925 million pounds (grease basis), depending on the levels of employment and consumer income. While the mills may use less than in 1947, United States wools probably will make up a larger share of their apparel wool consumption.

World consumption of apparel wool in 1947-48 will be near that of 1946-47. It may exceed world output by about 500 million pounds. The high level of world consumption has already cut heavily into surplus stocks. This is particularly noticeable for world stocks of clear wools, three-eighth blood and finer. There are no surplus stocks of these wools. Prices of some of these rose as much as 60 percent in foreign markets in the 1946-47 season. Most of the United States clip falls within these grades, but some of it carries considerable burr and defect. Foreign wool prices probably will continue fairly high in the present marketing season.

Tobacco

THE EXPORT situation for tobacco presents the major problem now in sight for tobacco growers. Ordinarily, exports rank next to cigarettes as an outlet for our tobacco. Use of tobacco in cigarettes in 1948 probably will stay at or above the high level of 1947. However, exports have fallen off in recent months.

The dark picture for exports results from restrictions in purchases by some of the leading foreign users. Great Britain, and some other countries have recently cut down or shut off their tobacco imports altogether. These steps

are explained as necessary for saving scarce dollar exchange.

Of all our tobaccos, flue-cured is grown in greatest volume. This is the main tobacco for cigarettes. In 1947 about 365 billion cigarettes were produced, 4 percent above the 1946 record and double the 1935-39 average. But flue-cured tobacco also is our major export tobacco. Before the war, we usually exported about half of our flue-cured production. Exports of this item for the year ending last June set a new record, amounting to around 40 percent of the record large 1946 crop. However, it now appears that, under present conditions, flue-cured exports in 1947-48 may drop well below the 550 million pounds (farm sales weight) of 1946-47.

The crop of flue-cured tobacco for 1947 is almost up to 1946. The carry-over July 1 was above the year before. Also, the total supply for 1947-48 is now estimated at 2,618 million pounds, or 5 percent above a year ago. With supplies this large, the slump in exports has been felt sharply. Flue-cured prices now are down about 15 percent from last year. The average support price (90 percent of parity) was 40 cents per pound this season. The season average price for sales of about 95 percent of the crop which had been sold through December was 41.1 cents per pound, compared to 48.3 cents last season. Around 16 percent of the sales to date have been put under Government loan.

The national marketing quota for 1948, a fourth below 1947, was announced on November 19. This will mean about a 28-percent cut in acreage allotments. It seems likely that 1948 support prices will be at least as high as for 1947.

In volume produced, burley ranks second among tobaccos. Growers of burley in 1947 cut their acreage about 14 percent. The estimated crop as of December was 519 million pounds, down 15 percent from 1946. Burley supplies are large because of the record carry-over. In 1944-46, production per year averaged almost 100 million pounds above the total used. During 1946-47, domestic use hit a new high, largely because of the record cigarette output.

Exports of burley have ballooned in the past two years. These exports to-

taled 50 million pounds (farm sales weight) in the year ending September 30, compared with the 1934-38 average of under 13 million. Exports in 1946-47 amounted to about 10 percent as much as 1947 production. They may slacken in the months ahead as foreign countries tighten their purchases further.

Prices of burley averaged 39.7 cents per pound last season. This season's price has been higher and during December averaged 48.8 cents per pound. The rise in parity prices (20 percent) has raised the average Government loan rate to 40.3 cents per pound. Some downward adjustment in acreage can be expected in 1948. Marketing quotas and acreage allotments apply to burley. The 1948 marketing quota of 474 million pounds will mean about a 6 or 7 percent reduction in the allotted acreage. The reduction is made because of the large stocks.

Before the war, fire-cured tobacco stood next to flue-cured in volume exported. During the past year, however, only about half as much has been exported as is usual in peacetime. Although 1947 production was down from 1946, supplies are now large. Snuff consumption, a fairly stable outlet, probably will continue at the 1947 level, 8 percent above prewar. However, consumption in smoking and chewing tobacco, which also takes some fire-cured, is well below prewar and not much change is seen for 1948. The average loan rate for fire-cured tobacco (75 percent of the burley loan rate) is 30.2 cents per pound. The 1946 season average price received by farmers was 26.0 cents. Government price support loans were made on approximately two-fifths of the 1946 crop. A substantial cut in production is desirable if larger surpluses are to be avoided. The announced 1948 quota will reduce farm allotments 35 percent in the case of fire-cured. Marketing quotas and acreage allotments are in effect on fire-cured and dark-air cured tobacco, except for type 37 Virginia sun-cured.

Dark-air cured tobacco is also in larger supply than last year. Domestic use in 1946-47 was slightly under 1945-

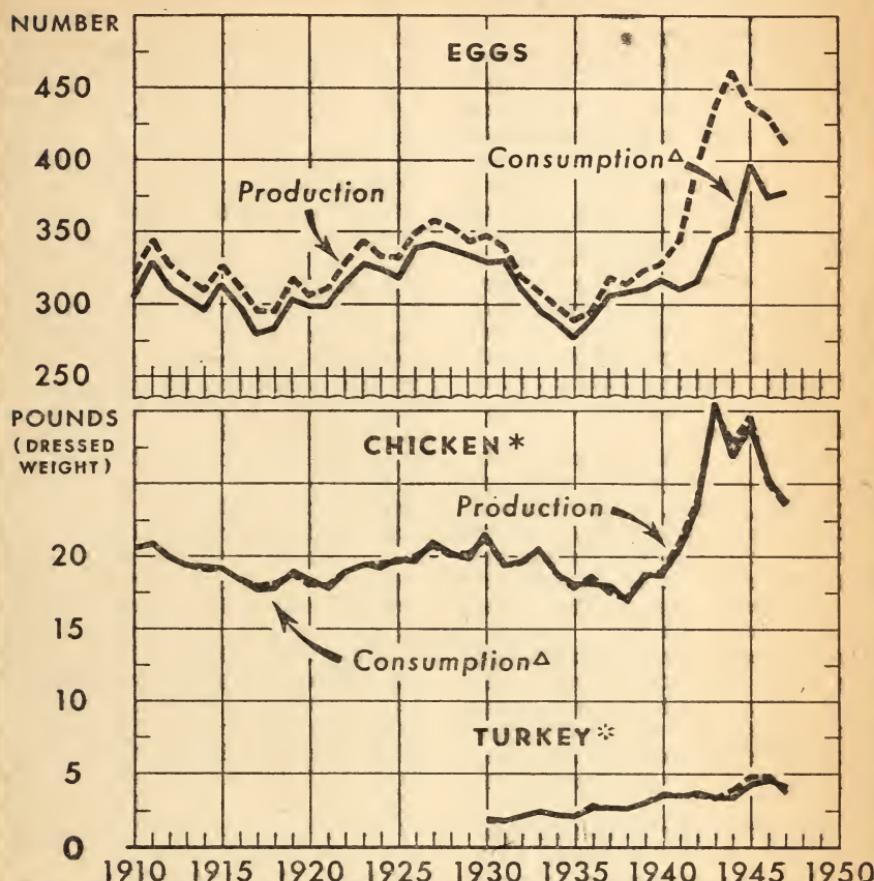
46, probably because of smaller production of chewing tobacco. Exports, though not as important as for some other kinds of tobacco, were down sharply from the year before and from the prewar average. The average support price for the 1947 crop of dark air-cured is 26.9 cents per pound—two-thirds of the burley rate. Farmers got an average of 22.5 cents per pound for their 1946 crop. Much went into Government loan stocks. Because of the large supplies and poor prospects for larger consumption, farm allotments in 1948 will be 25 percent less than in 1947.

Production of Maryland tobacco this year was much below the 1946 record. However, the total supply for 1948 is at a record high. A high rate of cigarette manufacture is expected for 1948, which probably will take more than prewar quantities. Exports recently have been running above both last year and prewar. Some shrinkage of Maryland tobacco production may be desirable in 1948. Prices farmers got for their 1946 crop were well down from the two seasons before.

Supplies of domestic cigar filler tobacco are slightly under a year ago and about 9 percent below average. Cigar binder supplies are about 9 percent up from a year ago, but 8 percent below average. The prices farmers get in 1948 for some of the cigar binder types are not likely to be as high as last season's record. Supplies of domestically produced wrapper are close to last year, and about 30 percent above average. Domestic wrapper tobacco continues of vital importance to cigar production, as not enough imported wrappers will be available for some time.

Cigar production and consumption during much of the first 9 months of 1947 fell below 1946. Higher cigar prices seemed mainly responsible, but other higher costs also had some effect. There have been some recent indications that cigar consumption was increasing. With a continued high level of personal income, consumption in 1948 may be as high as the 5 1/3 billion cigars estimated for 1947.

**TOTAL PER CAPITA PRODUCTION AND
CIVILIAN PER CAPITA CONSUMPTION OF
EGGS, CHICKEN, AND TURKEY,
UNITED STATES, 1910-47**



*DRESSED WEIGHT DATA FOR 1947 ARE BASED ON PRELIMINARY INDICATIONS
 Δ CONSUMPTION 1941-47 APPLIES TO CIVILIAN POPULATION ONLY

U. S. DEPARTMENT OF AGRICULTURE NEG. 43287A-X BUREAU OF AGRICULTURAL ECONOMICS

Per capita consumption of eggs was higher in 1947 than in any previous year except 1945. Consumption of chickens and turkeys, although ahead of any pre-war year, declined substantially from wartime peaks, probably because of the exceptionally large supplies of meat. Consumption of poultry products per person in 1948 is expected to continue at levels substantially above prewar, with a probable reduction in supplies of red meats and continued high civilian demand.

Crops and Acreage in 1947

ALL-CROP production in 1947 was only a little below the average of the best 5 years in the Nation's history. Only in 1942, 1944, and 1946 was the total larger than in 1947.

Total harvested acreage for 52 important crops was 1 percent above 1946. Yields per acre for many crops were above average, although below 1946. The final surveys of the year indicated that yields per acre of wheat were slightly below those reported earlier in the season.

Corn production was the smallest since the drought year 1936, holding down the feed grain total. However, the outturn of only a few other major crops was below average. For the first time in our history, we harvested over a billion bushels of winter wheat. Total wheat production reached a new peak of 1,365 million bushels. Production of rice, peanuts, sugar beets, and pears also set new records.

Near-record or relatively large outturns of flaxseed, soybeans, hay, tobacco, peaches, grapes, citrus fruits, and truck crops contributed heavily to the total, along with larger than average crops of oats, sorghum grain, potatoes, beans, and peas. Apples, plums, and prunes are about average.

Crops with below-average production include barley, rye, cotton, cowpeas, and maple products, which are well above 1946 production; and corn, sweetpotatoes, sugarcane, popcorn, apricots, and broomcorn, which are smaller than in 1946.

The 1947 growing season was largely unfavorable to crops, even though fall-sown grains were produced under good conditions. The largest acreage of winter wheat in history was planted under excellent conditions, wintered well, received ample spring moisture, and was harvested with little loss. But as early as April, spring work was delayed by bad weather. Rains and cool, cloudy weather which prevailed until mid-June in most of the area east of the Rocky Mountains, prevented fields from drying out and retarded seeding. Farmers took advantage of every break in the adverse spring weather, working their machines in fields around the clock when practicable.

By July 1 most of the planting was completed, but much of it was delayed well past optimum dates. Sunshiny weather from mid-June through July fostered rapid vegetative growth and favored farm work. But with lack of rainfall, soil moisture reserves became exhausted, resulting in crop deterioration in parts of the South Central and West North Central regions. Hot, humid weather with subnormal rainfall prevailed during most of August throughout much of the area between the Appalachian and Rocky Mountains.

While these conditions were favorable for harvesting small grains, flax, and hay, they were bad for late growing crops, particularly corn. Deterioration of soybeans, sorghums, and others of these late crops was temporarily checked by rains in late August. Much corn had been damaged, with poor pollination causing poorly filled ears or barren stalks. The late planting of corn posed the problem of "soft corn," but rapid progress in the later stages of development minimized this hazard, even though frost occurred before usual dates in much of the Corn Belt. October weather aided development of late growing crops and the harvest. Rain and snow in the latter two-thirds of November made it hard to harvest corn, sorghum grain, sugar beets, sugarcane, sweetpotatoes, and peanuts. Some harvesting losses occurred. The season was better than usual in the Pacific Northwest and Northern Mountain States.

Over 348 million acres of the 52 principal crops were harvested. This was one percent above 1946 and, with the exception of 1944, the largest since 1928-32. Relatively small acreages of feed grains, but large acreages of food grains were harvested.

By regions, acreage changes from last year largely reflect the kind of season. In North Atlantic States, aggregate acreage was the smallest in 19 years of record, after being near the top in 1946. In the North Central States, where more than half of the Nation's crop acreage is usually harvested, farmers held the total to less than 0.5 percent below 1946. The South Atlantic total increased, but was below any year except 1946. A greater rise

toward the usual level occurred in the South Central region, but here also the total was relatively low. Western States advanced to a new record acreage, nearly 5 percent above 1946. In six States—Montana, Idaho, Arizona, Washington, Oregon, and California—1947 harvested acreages were the largest of record. In most Great Plains States, 1947 totals were the largest of record. In most Great Plains States, 1947 totals were the largest since the early 1930's because of the large wheat acreage harvested.

Nearly 358 million acres were planted. In part, this large total was due to the favorable conditions in the fall of 1946 for planting fall-sown crops. The extremely light abandonment of winter wheat, however, limited the acreages so often available for replanting to corn, sorghums, and spring grains. Thus, this large planted acreage shows the tremendous efforts made by farmers to put their land into crops, despite the adverse weather that held until mid-June in most of the country. Nearly one percent larger than in 1946, the 1947 total planted acreage was exceeded in only 1943 and 1944 of the past 9 years.

Farmers increased acreages of winter and spring wheat, rye, rice, barley, beans, peas, and sugar crops, and of buckwheat as a catch crop. To provide more oils, they increased acreages of flax, soybeans, peanuts, and cotton. The acreage of oats lost out in this competition for the land.

Reductions were made in tobacco and potatoes to fit production more closely to demand. When acreage plans for corn were disrupted by the weather, some meadows intended for plowing up were left in hay to help out the feed supply. The net result was more acres in crops than in 1946, delaying for another year a return to previous rotation, pasture and fallowing practices.

Losses in acreage, the difference between planted and harvested acres, amounted to less than 9.5 million acres, about 2½ percent of the total planted. Acreage loss has been small in each of the past 3 years, but this year's loss is the smallest since 1929. In most of those years the annual loss has ranged from 12 to 16 million acres, but was as high as 46 million acres in 1936. Among

the major causes of acreage loss this year were floods in the Mississippi Valley and drought in the Southwest, with local losses from these causes and frost in other limited areas. Losses were relatively light for winter wheat, cotton, corn and other major crops, that often suffer severe loss, and in the case of no crop were losses outstandingly heavy. Most of the adverse factors were reflected in decreased yields per acre or in harvesting losses. Early frosts resulted in some "soft corn", particularly in northern Ohio, Michigan, Pennsylvania, New Jersey, and New York. Excessive rains caused some spoilage of hay, corn, sweetpotatoes, and peanuts in fields. Tropical storms damaged some rice and sugarcane in Gulf areas.

Production of four food grains was the largest of record. However, for four feed grains the total is the smallest since 1939. The tonnage of the 8 grains amounts to nearly 140 million tons, about 21½ million less than the record tonnage set last year. It is also less than in any of the preceding 4 years, but exceeds any year prior to 1942, except 1920. Making up the 43.6 million tons of food grains are record crops of wheat and rice, an above-average crop of buckwheat and a rye crop only two-thirds of average. The 1946 total of 37 million tons was the previous high mark for food grains. Feed grains total 96 million tons, with corn and barley below average and oats and sorghum grain above average crops. Carry-over stocks of corn and oats were relatively large, helping the farm feed grain supply. Supplies of hay and roughage are ample and well distributed, and will be helpful in conserving feed grains, along with the grazing that pastures and crop residues have contributed later than usual.

Oilseed crops totaling nearly 12.4 million tons were produced in 1947, compared with 11.2 million tons in 1946 and the average of 10.2 million tons. Soybeans have outranked cottonseed in recent years as the major oilseed crop, but its production was less than in 1946. The third largest flaxseed crop, the largest peanut crop of record and a considerably larger cottonseed production than in 1946 combine to more than offset the deficit in soybeans. The cotton crop of 11,694,000 bales is less than 6 percent below average.

Economic Trends Affecting Agriculture

Year and month	Industrial production (1935-39 = 100) ¹	Income of industrial workers (1935-39 = 100) ²	1910-14=100					Index of prices received by farmers (August 1909-July 1914=100)			
			Average earnings of factory workers	Whole-sale prices of all commodities ³	Prices paid by farmers		Farm wage rates ⁴	Livestock and products			
					Com-modi-ties	Com-modi-ties, interest, and taxes		Dairy products	Poul-try and eggs	Meat animals	All live-stock
1910-14 average	58	50	100	100	100	100	100	100	101	101	101
1915-19 average	72	90	152	158	151	150	148	148	154	163	158
1920-24 average	75	122	221	160	161	173	178	159	163	123	142
1925-29 average	98	129	232	143	155	168	179	160	155	148	154
1930-34 average	74	78	179	107	122	135	115	105	94	85	93
1935-39 average	100	100	199	118	125	128	118	119	109	119	117
1940-44 average	192	234	325	139	150	147	212	162	146	171	164
1945 average	203	290	403	154	180	174	350	197	196	210	203
1946 average	170	270	391	177	203	194	378	242	198	256	240
1946											
November	182	298	409	204	224	212	307	230	313	294	
December	182	305	417	206	225	213	312	226	311	294	
1947											
January	188	308	419	207	227	215	399	292	201	306	281
February	190	309	421	211	234	221	-----	270	192	319	278
March	189	313	425	218	240	226	-----	269	199	345	292
April	187	309	423	216	243	229	397	257	204	331	282
May	185	313	432	215	242	228	-----	241	203	327	275
June	184	319	440	216	244	230	-----	233	205	338	278
July	177	313	436	220	244	230	404	244	220	343	286
August	182	324	436	224	249	234	-----	258	224	349	295
September	186	334	448	230	253	238	-----	282	246	367	315
October	190	-----	453	231	254	239	404	283	251	360	313
November	192	-----	-----	233	257	241	-----	293	242	338	304
December	-----	-----	-----	261	245	-----	311	262	352	320	

Year and month	Index of prices received by farmers (August 1909-July 1914=100)								All crops and live-stock	Parity ratio ⁶		
	Crops											
	Food grains	Feed grains and hay	To-bacco	Cotton	Oil-bearing crops	Fruit	Truck crops	All crops				
1910-14 average	100	101	102	96	98	99	-----	99	100	100		
1915-19 average	193	164	187	168	187	125	-----	168	162	106		
1920-24 average	147	126	192	189	149	148	7143	160	151	86		
1925-29 average	140	119	172	145	129	141	140	143	149	89		
1930-34 average	70	76	119	74	72	94	106	86	90	66		
1935-39 average	94	95	175	83	106	83	102	97	107	84		
1940-44 average	123	119	245	131	159	133	172	143	154	103		
1945 average	172	161	366	171	215	220	224	201	202	116		
1946 average	201	195	382	228	244	226	204	226	233	120		
1946												
November	220	187	399	236	342	186	207	230	263	124		
December	224	186	406	242	334	211	166	232	264	124		
1947												
January	223	184	399	240	336	196	238	236	260	121		
February	235	185	390	246	334	203	275	245	262	119		
March	283	212	390	257	360	215	299	266	280	123		
April	277	223	387	260	358	223	295	269	276	120		
May	276	218	390	270	326	222	266	268	272	119		
June	253	240	390	275	318	228	215	262	271	117		
July	251	253	390	289	314	215	189	263	276	119		
August	246	270	333	267	308	177	211	255	276	117		
September	278	297	352	252	311	181	179	254	286	120		
October	302	284	357	247	344	166	238	261	289	121		
November	312	283	354	257	349	151	272	268	287	119		
December	318	305	377	275	367	149	294	281	301	123		

¹ Federal Reserve Board represents output of mining and manufacturing; monthly data adjusted for seasonal variation.

² Computed from data furnished by Bureau of Labor Statistics and Interstate Commerce Commission on pay rolls in mining, manufacturing, and transportation; monthly data adjusted for seasonal variation. Revised April 1947.

³ Bureau of Labor Statistics.

⁴ Monthly data adjusted for seasonal variation. ⁵ Revised.

⁶ Ratio of prices received to prices paid for commodities, interest, and taxes.

⁷ 1924 only.

December Prices

BREAKING all previous records, the average of prices received by farmers rose 5 percent during the month ended December 15. At 301 percent of the 1909-14 average, the average was 4 percent above the previous high of 289 set in October 1947.

Meanwhile, the level of prices paid by farmers (including interest and taxes) reached a new record of 245 percent of the 1910-14 average, breaking the record for the tenth time during 1947.

The net result of these changes is that farmers on the average were getting prices that were 123 percent of parity in December, still 8 percent below the record 133 of October 1946. Prices received on December 15 averaged 14 percent above December 15, 1946.

The index of prices paid, including

interest and taxes, was steadily higher each month during 1947, except in May and July. Those prices on December 15 were 16 percent higher than a year earlier. The 1947 average for both prices paid and received was higher than any previous year. Prices received at 278 percent of 1909-14 are 19 percent above the 1946 level; and prices paid including interest and taxes at 231 percent are 20 percent above last year.

In most recent months, increases in prices of some commodities have been offset to some extent by decreases in others. This month, however, average prices for every subgroup of the prices received index increased except fruit, with the result that the over-all increase in the prices received index was the sharpest since March 1947. As of mid-December, farmers were receiving record high prices for livestock and livestock products, food grains, feed grains

Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	5-year average		Nov. 15, 1946	Oct. 15, 1947	Nov. 15, 1947	Parity price Nov. 15, 1947
	August 1909-July 1914	January 1935- December 1939				
Wheat (bushel)-----	0.884	0.837	1.89	2.66	2.74	2.14
Rye (bushel)-----do-----	.720	.554	2.07	2.49	2.49	1.74
Rice (bushel)-----do-----	.813	.742	1.20	2.50	2.72	1.97
Corn (bushel)-----do-----	.642	.691	1.27	2.23	2.19	1.55
Oats (bushel)-----do-----	.399	.340	.782	1.09	1.09	.966
Barley (bushel)-----do-----	.619	.533	1.32	1.77	1.87	1.50
Sorghum grain (100 pounds)-----do-----	1.21	1.17	2.27	3.24	3.29	2.93
Hay (ton)-----do-----	11.87	8.87	17.20	16.80	17.30	28.70
Cotton (pound)-----cents-----	12.4	10.34	29.23	30.65	31.87	30.01
Cottonseed (ton)-----dollars-----	22.55	27.52	89.90	90.60	89.10	54.60
Soybeans (bushel)-----do-----	.96	.954	3.09	3.11	3.43	2.32
Peanuts (pound)-----cents-----	4.8	3.55	19.47	9.96	10.1	11.6
Flaxseed (bushel)-----dollars-----	1.69	1.69	6.90	6.44	6.48	4.09
Potatoes (bushel)-----do-----	4.697	.717	1.23	1.50	1.66	1.80
Sweetpotatoes (bushel)-----do-----	.878	.807	2.00	2.05	1.95	2.12
Apples (bushel)-----do-----	.96	.90	2.35	2.20	2.17	2.32
Oranges on tree (box)-----do-----	2.29	1.11	1.49	1.74	.93	3.69
Hogs (hundredweight)-----do-----	7.27	8.38	23.00	27.60	24.20	17.60
Beef cattle (hundredweight)-----do-----	5.42	6.56	16.20	19.30	18.80	13.10
Veal calves (hundredweight)-----do-----	6.75	7.80	16.70	21.30	21.40	16.30
Lambs (hundredweight)-----do-----	5.88	7.79	18.50	20.30	20.80	14.20
Butterfat (pound)-----cents-----	26.3	29.1	84.4	74.5	78.0	66.7.5
Milk, wholesale (100 pounds)-----dollars-----	1.60	1.81	15.21	14.66	4.80	64.26
Chickens (pound)-----cents-----	11.4	14.9	27.5	26.6	24.9	27.6
Eggs (dozen)-----do-----	21.5	21.7	47.8	55.3	53.4	66.2.4
Wool (pound)-----do-----	18.3	23.8	41.4	40.8	40.8	44.3

¹ Revised.

² Comparable base price, August 1909-July 1914.

³ Comparable price computed under sec. 3 (b) Price Control Act.

⁴ 1919-28 average of \$1.12 per bushel used in computing parity.

⁵ 1919-28 average for computing parity price.

⁶ Adjusted for seasonal variation.

and hay, and oil-bearing crops. Wheat, oats, barley, and cottonseed brought new record prices. Eggs were the highest of any December since 1920, and meat animal prices averaged higher than in any other December on record. Dairy product prices as of mid-December were exceeded only by those of December 1946. On the other hand, fruit prices in mid-December averaged 29 percent lower than a year ago.

Prices paid by farmers for items used in production and in family living were both higher than on November 15. Major increases in production items occurred in feed and building materials. Most of the increase in rural living costs over November 15 were due to higher prices for clothing and building materials.

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